

ORIGINAL

BEFORE THE ARIZONA CORPORATION



0000145232

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
ROBERT BURNS
SUSAN BITTER SMITH

RECEIVED

2013 MAY 31 A 11:09

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S REQUEST FOR
APPROVAL OF UPDATED GREEN POWER RATE
SCHEDULE GPS-1, GPS-2, AND GPS-3.

DOCKET NO. E-01345A-10-0394

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
APPROVAL OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION FOR RESET OF
RENEWABLE ENERGY ADJUSTOR.

DOCKET NO. E-01345A-12-0290

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
APPROVAL OF ITS 2013 RENEWABLE ENERGY
STANDARD IMPLEMENTATION PLAN AND
DISTRIBUTED ENERGY ADMINISTRATIVE
PLAN AND REQUEST FOR RESET OF ITS
RENEWABLE ENERGY ADJUSTOR.

DOCKET NO. E-01933A-12-0296

IN THE MATTER OF THE APPLICATION OF UNS
ELECTRIC, INC. FOR APPROVAL OF ITS 2013
RENEWABLE ENERGY STANDARD
IMPLEMENTATION PLAN AND DISTRIBUTED
ENERGY ADMINISTRATIVE PLAN AND
REQUEST FOR RESET OF ITS RENEWABLE
ENERGY ADJUSTOR.

DOCKET NO. E-04204A-12-0297

**NRG SOLAR
NOTICE OF FILING
TESTIMONY SUMMARY**

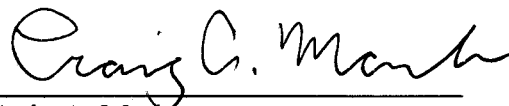
NRG Solar LLC ("NRG Solar") hereby provides notice of filing a summary of the Direct
and Surrebuttal Testimony of Diane Fellman in the above-captioned case.

RESPECTFULLY SUBMITTED on May 31, 2013.

Arizona Corporation Commission
DOCKETED

MAY 31 2013




Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, Arizona 85028
(480) 367-1956 (Direct)
(480) 304-4821 (Fax)
Craig.Marks@azbar.org
Attorney for NRG Solar

Original and 13 copies filed
on May 31, 2013 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Copy of the foregoing mailed
on May 31, 2013, to:

Thomas A. Loquvam
Pinnacle West Capital Corporation
400 N. 5th St., MS 8695
Phoenix, AZ 85004.

Michael W. Patten
Roshka Dewulf & Patten PLC
One Arizona Center
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004

C. Webb Crockett
Patrick J. Black
Fennemore Craig
3003 N. Central Ave., Suite 2600
Phoenix, AZ 85012-2913

Kevin Koch
2333 E. 1st St.
P.O. Box 42103
Tucson, AZ 85733

Christopher D. Thomas
Fred E. Breedlove III
Squire Sanders
1 E. Washington, 27th Floor
Phoenix, AZ 85004

Court S. Rich
Rose Law Group, PC
6613 N. Scottsdale Rd., Suite 200
Scottsdale, AZ 85250

Douglas V. Fant
Law Offices of Douglas V. Fant
655 W. Anthem Way, Suite A-109, PMB 411
Anthem, AZ 85086

Original and 13 copies delivered
on May 31, 2013 to:

Commissioners
Commissioners' Advisors

Greg Patterson
Munger Chadwick
2398 E. Camelback Rd., Suite 240
Phoenix, AZ 85016

Michael L. Neary
Executive Director
AriSEIA
111 West Renee Dr.
Phoenix, AZ 85027

Timothy M. Hogan
Arizona Center for Law in the Public Interest
202 E. McDowell Rd., Suite 153
Phoenix, AZ 85004

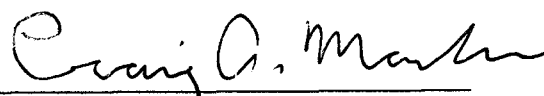
Scott S. Wakefield
Ridenour Hienton & Lewis, P.L.L.C.
201 N. Central Ave., Suite 330
Phoenix, AZ 85004-1052

Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Kyle J. Smith
Regulatory Law Office (JALS-RWIP)
Office of the Judge Advocate General
U.S. Army Legal Service Agency
1275 Gunston Road
Fort Belvoir, VA 22060-5546

By:


Craig A. Marks

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman
GARY PIERCE
BRENDA BURNS
ROBERT BURNS
SUSAN BITTER SMITH

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY'S REQUEST FOR APPROVAL OF UPDATED GREEN POWER RATE SCHEDULE GPS-1, GPS-2, AND GPS-3.	DOCKET NO. E-01345A-10-0394
IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-01345A-12-0290
IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-01933A-12-0296
IN THE MATTER OF THE APPLICATION OF UNS ELECTRIC, INC. FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	DOCKET NO. E-04204A-12-0297

**NRG SOLAR
DIANE FELLMAN
TESTIMONY SUMMARY**

Direct Testimony

Ms. Fellman is the Director of Regulatory and Governmental Affairs for NRG Energy Inc., the parent company of NRG Solar, LLC. The outcome of this proceeding is very important to NRG Solar. NRG Solar is the majority owner of the Agua Caliente Solar Project (292 MW) near Yuma and the 100% owner of the Avra Valley Solar Project (25 MW) near Tucson. In addition, NRG Solar is invested in many distributed generation projects at various school districts and at Arizona State University.

Ms. Fellman recommends that the Commission's Order in this proceeding should incorporate the following fundamental principles:

- 1) Renewable Energy Credit ("REC") ownership must be preserved for customers that are not provided compensation by the utility.
- 2) The integrity of RECs must be maintained for use by the owners to the purpose of meeting green certification or voluntary sustainability goals without a secondary use that could lead to double counting.
- 3) The DE requirement of the RES Rules (A.C.C. R14-2-1805) should be retained. There is no compelling reason:
 - a. To allow the utilities to report, even for informational purposes, the energy produced by DE systems that do not receive compensation for RECs; or
 - b. To alter the Commission's sound policy that the utilities obtain renewable energy from a combination of utility scale and distributed generation projects rather than just from utility scale projects.

Finally, Ms. Fellman testifies that there is no merit to TEP's and UNS Electric's suggestion that net metering and "track and reduce" would compensate for the utilities' receiving RECs.

Surrebuttal Testimony

Ms. Fellman testifies that Staff's Track and Monitor proposal, like TEP's Track and Reduce proposal, appears to double-count the RECs, which would potentially preclude REC owners from qualifying for independent green certification or meeting their own sustainability goals. Further there is no need at this time to implement Staff's proposal. The utilities have commitments that exceed compliance levels for both the residential (through 2015) and non-residential (through 2019) DE market segments. The Commission needs sufficient time to craft an acceptable long-term solution that ensures not only the property rights of REC owners but also the integrity of RECs. This will require changing the RES rules to incorporate a new methodology to track compliance with aggregate and annual RES compliance.

Ms. Fellman now believes it may be helpful for the Commission to grant the utilities a temporary waiver from the DE requirement. This will provide sufficient time for the parties to design an acceptable policy that preserves the value and ownership of RECs. During the time of the waiver, the Commission could collect energy production data from those DE systems that are interconnected to the grid, but receive no cash incentives or compensation for REC transfers. This approach would provide the Commission with a complete picture of how much renewable energy is being produced from all interconnected DE systems.